

# GAMCO Mathers Fund

## Shareholder Commentary June 30, 2017



Henry G. Van der Eb, CFA

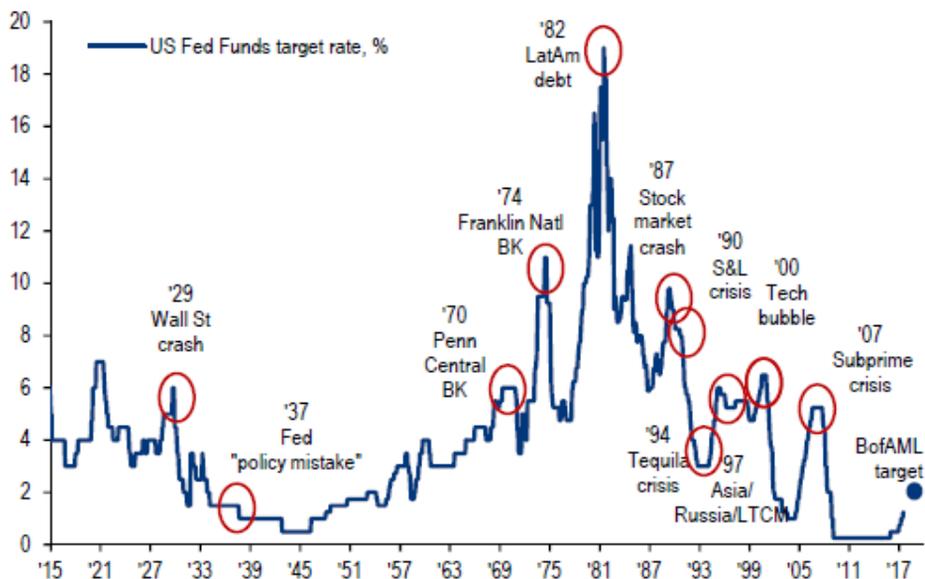
### To Our Shareholders,

Fed tightening cycles typically end with a financial crisis 'event' as shown below. Volatility is at a record low. The Fed is tightening just as the QE 'liquidity supernova' is ending and other central banks are next.

The Bank of Japan's purchases of exchange-traded funds are distorting the market, Japan Exchange Group Inc. CEO Akira Kiyota said last week in Tokyo. BOJ Governor Kuroda's program of spending 6 trillion yen (\$54 billion) a year on the funds artificially depresses volatility, which keeps people from trading, said Kiyota, who was previously more supportive of the policy. "It's not good in the long run if you keep buying 6 trillion yen a year, that means constant distortion." Bloomberg, July 20, 2017

The decade ending December 31, 2009 was unique in two respects. According to Standard & Poor's data starting in 1927, the 2000s was the first negative total return decade as the S&P 500 Index lost 9.11% over this period. The second is that two major bear markets occurred, each hammering the S&P 500 with 50% declines, one lasting from March 2000 to October 2002, and the other from October 2007 to March 2009. A powerful bear market in stocks that could take the S&P 500 down at least fifty percent is looming.

### Fed tightening cycles typically end with an 'event'...



Source: BofA Merrill Lynch Global Investment Strategy, Global Financial Data, Bloomberg

## Investment Performance and Portfolio Highlights

The GAMCO Mathers Fund total return for the six months ended June 30, 2017 was (11.44)% versus 9.34% for the S&P 500 Index. At quarter end, the gross equity exposure was 49.71% (longs plus shorts), comprised of 0.00% long and 49.71% in short positions, with an 49.71% net short exposure (longs minus shorts). The remainder of the portfolio, as has been the case for an extended time period, was invested in short-term U.S. Treasury bills and U.S. Treasury collateralized repurchase agreements. The short stock portfolio segment had a negative return for the quarter and the fixed income segment had a positive return. There were no merger arbitrage positions during the quarter. Historically low short-term U.S. Treasury bill yields have disadvantaged the Fund's overall performance. The Fed raised the federal funds target range to 0.50 to 0.75 percent in December 2016 and to 1.00 to 1.25 percent on June 14, 2017.

The Fund completed 51 years of operation during 2016 and since inception through December 31, 2016 its average annual total return was 6.29% versus 9.81% for its benchmark S&P 500 Index. During the 2008-09 credit crisis, the Fund's risk averse position preserved capital and outperformed the S&P 500 for the two, three, five, and ten year periods ended December 31, 2009. The Fund had positive returns for the one, two, three, five, and ten year periods ended December 31, 2008 versus the S&P 500, which had negative returns for each of those periods. Due to its high cash position, the Fund took substantially less risk and earned higher returns during those periods than a fully invested S&P 500 index fund.

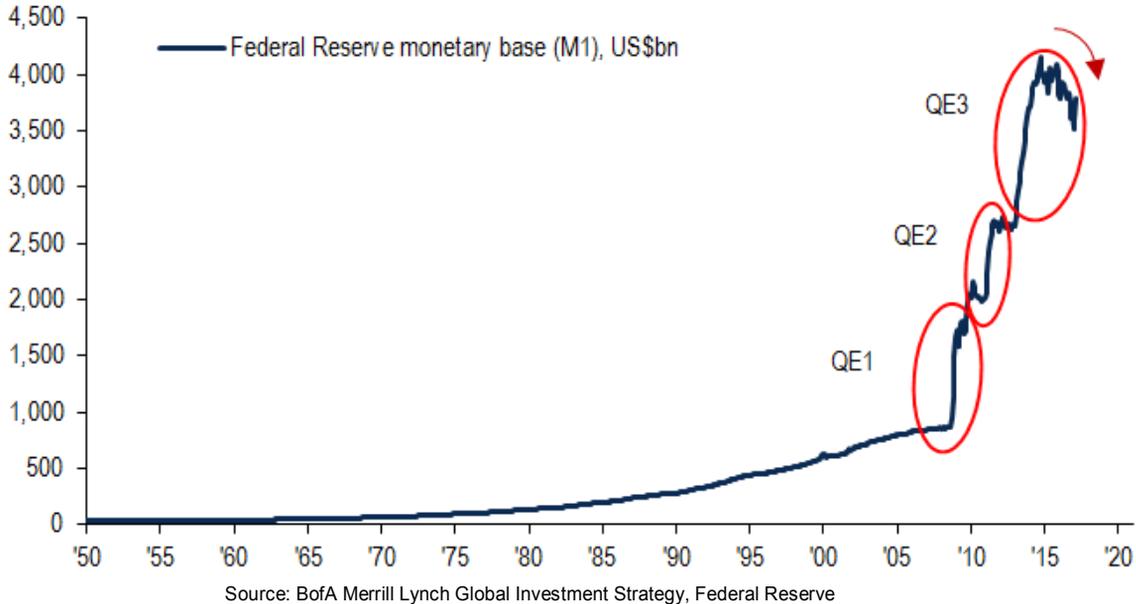
The Fund's gross and net equity exposures and positions may vary significantly from week to week in an effort to control portfolio volatility under various market conditions. Accordingly, the quarter-end data may not be indicative of the gross and net equity exposures that precede and follow each reporting period.

A portion of the Fund's long common stock segment may be invested in takeover target companies subject to all cash tender or merger offers from an acquiring entity. Deal arbitrage stocks typically earn relatively attractive annualized returns, but are held for short time periods. The inherent risk of this investment strategy is if the announced merger or acquisition is not completed, or is renegotiated at a less attractive price, or does not close on the expected date, the price of the security may fall.

Since the SEC's portfolio turnover formula excludes fixed income securities with maturities of less than one year and short sale activity from its denominator, the Fund's turnover rate may appear very high, which can be misleading. This has been the case in some prior years when the Fund's U.S. Treasury bill position was a very high proportion of assets and had a maturity of less than one year, while the average month end dollar value of long stock positions (the denominator) was negligible and long positions were held for short time periods. This may occur in 2017 and beyond as cash positions are used to control risk.

*The GAMCO Mathers Fund performance for the 1-year, 5-year and 10-year periods ended June 30, 2017, was (19.53)%, (10.82)%, and (6.69)%, respectively. The expense ratio reported in the April 30, 2017 prospectus was 4.60% and includes dividend and interest expenses on securities sold short of 2.36%. Average annual returns reflect changes in share price and reinvestment of dividends and are net of expenses. **Returns represent past performance and do not guarantee future results.** Investment returns and the principal value of an investment will fluctuate. When shares are redeemed they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. The Standard & Poor's 500 Index is an unmanaged indicator of stock market performance. Please visit [www.gabelli.com](http://www.gabelli.com) to obtain performance information as of the most recent month end. Short selling of securities poses special risks and may not be suitable for certain investors. Short selling is the sale of a borrowed security and losses are realized if the price of a security increases between the date the security is sold and the date the Fund replaces it.*

## U.S. Federal Reserve 'liquidity supernova' is ending...



### Perfect Timing

The Fed and other large central banks are at various stages of withdrawing monetary stimulus put in place after the financial crises of 2008-9. This 'normalization' of monetary policy is effected by raising interest rates and reducing the size of their balance sheets by stopping purchases or selling securities.

Ethan Harris, Global Economist for Bank of America Merrill Lynch wrote the following excerpt in a July 14 piece titled *Reloading for the Next Recession*:

*The major central banks seem to have settled onto relatively comfortable preset paths.*

*The Fed has been looking through recent weak inflation readings, hiking at the last three press conference meetings, continuing to promise three hikes per year going forward and signaling a largely predetermined path for balance sheet shrinkage.*

*The ECB seems to have accepted the idea that it must taper bond buying to avoid violating its self imposed rules for sovereign bond purchases. This implies a fairly narrow path for its balance sheet policy.*

*The BOJ has said it will maintain its current yield curve control until inflation rises above the two percent target on a sustained basis - that seems a long way off.*

*Finally, China's PBOC seems determined to continue to crack down on easy credit even if it slows the economy down. No wonder market volatility is so low.*

Stay tuned...

July 30, 2017

*Herry Vander Eb*  
President and Portfolio Manager

## Tax Loss Carryforwards Offset Capital Gains

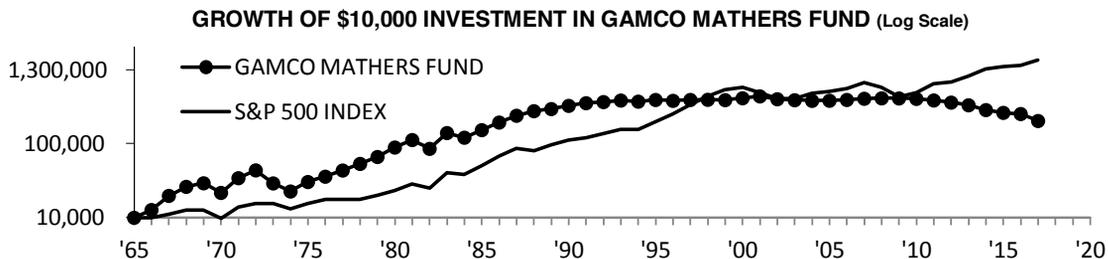
The Fund's tax loss carryforwards from prior years are expected to at least partially offset any net realized portfolio capital gains in the future until the current carryforwards are either used up or expire. Tax losses incurred in fiscal years beginning 2011 have no expiration, but must be utilized first.

### www.gabelli.com

Please visit us on the Internet. The Gabelli home page at [www.gabelli.com](http://www.gabelli.com) contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Mutual Funds, IRAs, 403(b)s, quarterly reports, closing prices and other current news. You can e-mail us at [info@gabelli.com](mailto:info@gabelli.com).

### Minimum Initial Investment

The Fund's minimum initial investment is \$1,000 for regular and \$250 for all retirement accounts, with no subsequent investment minimums. No initial minimum is required for accounts starting an Automatic Investment Plan. The Fund and other Gabelli/GAMCO Mutual Funds are available through no-transaction fee programs at many major brokerage firms. The Fund imposes a 2% redemption fee on shares sold within 7 days of a purchase. See the Fund's prospectus for more details.



### Percent Average Annual Total Returns through June 30, 2017\*

	<u>1 YR</u>	<u>5 YRS</u>	<u>10 YRS</u>	<u>20 YRS</u>	<u>30 YRS</u>	<u>51 YRS</u> †
GAMCO MATHERS	(19.53)	(10.82)	(6.69)	(3.22)	(0.54)	5.97
Standard & Poor's 500	17.90	14.63	7.18	7.16	9.59	9.90

The expense ratio is 4.60% (please see note on page 2) † From start of investment operations on August 19, 1965

\* Average annual total returns reflect changes in share price and reinvestment of dividends and are net of expenses. Returns represent past performance and do not guarantee future results. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Please visit [www.gabelli.com](http://www.gabelli.com) to obtain performance information as of the most recent month end. The Standard & Poor's 500 Index is an unmanaged indicator of stock market performance. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus and summary prospectus contain more information about this and other matters and should be read carefully before investing.** To obtain a copy of the prospectus or summary prospectus, call 800-GABELLI (800-422-3554) or visit [www.gabelli.com](http://www.gabelli.com). Distributed by G.distributors, LLC.

**NOTE:** The opinions expressed in this report reflect those of the Portfolio Manager only through the date of the shareholder letter and are subject to change at any time based on market and other conditions.

# **GAMCO Mathers Fund**

## **Semiannual Report — June 30, 2017**



**Henry G. Van der Eb, CFA**  
**Portfolio Manager**

### **To Our Shareholders,**

The Sarbanes-Oxley Act's corporate governance regulations require a Fund's principal executive and financial officers to certify the entire contents of the quarterly, semiannual, and annual shareholder reports in a filing with the Securities and Exchange Commission (the "SEC"). This certification covers the portfolio manager's commentary and subjective opinions if they are attached to or a part of the financial statements.

Rather than ask our portfolio manager to eliminate his opinions and/or restrict his commentary to historical facts only, we separated his commentary from the financial statements and investment portfolio and sent it to you separately to ensure that its content is complete and unrestricted. Both the commentary and the financial statements, including the portfolio of investments, are also available on our website at [www.gabelli.com](http://www.gabelli.com).

We trust that you understand that our approach is an unintended consequence of the ever increasing regulatory requirements affecting public companies. We hope the specific certification requirements of these regulations will be modified as they relate to mutual funds, since investment companies have different corporate structures and objectives from other public companies.

## GAMCO Mathers Fund

### Disclosure of Fund Expenses (Unaudited)

For the Six Month Period from January 1, 2017 through June 30, 2017

### Expense Table

We believe it is important for you to understand the impact of fees and expenses regarding your investment. All mutual funds have operating expenses. As a shareholder of a fund, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a fund's gross income, directly reduce the investment return of a fund. When a fund's expenses are expressed as a percentage of its average net assets, this figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your Fund and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The Expense Table below illustrates your Fund's costs in two ways:

**Actual Fund Return:** This section provides information about actual account values and actual expenses. You may use this section to help you to estimate the actual expenses that you paid over the period after any fee waivers and expense reimbursements. The "Ending Account Value" shown is derived from the Fund's **actual** return during the past six months, and the "Expenses Paid During Period" shows the dollar amount that would have been paid by an investor who started with \$1,000 in the Fund. You may use this information, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for your Fund under the heading "Expenses Paid During Period" to estimate the expenses you paid during this period.

**Hypothetical 5% Return:** This section provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio. It assumes a hypothetical annualized return of 5% before expenses during the period shown. In this case – because the hypothetical return used is **not** the Fund's actual return – the results do not apply to your investment and you cannot use the hypothetical account value and expense to estimate the actual ending account balance or expenses you paid for the period. This example is useful in making comparisons of the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs such as sales charges (loads), redemption fees, or exchange fees, if any, which are described in the Prospectus. If these costs were applied to your account, your costs would be higher. Therefore, the 5% hypothetical return is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds.

	Beginning Account Value 01/01/17	Ending Account Value 06/30/17	Annualized Expense Ratio	Expenses Paid During Period*
<b>GAMCO Mathers Fund</b>				
<b>Actual Fund Return</b>				
	\$1,000.00	\$ 885.70	4.93%	\$23.05
<b>Hypothetical 5% Return</b>				
	\$1,000.00	\$1,000.35	4.93%	\$24.45

\* Expenses are equal to the Fund's annualized expense ratio for the last six months multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (181 days), then divided by 365.

## Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of net assets as of June 30, 2017:

<b>GAMCO Mathers Fund – Long Positions</b>		<b>GAMCO Mathers Fund – Short Positions</b>	
U.S. Treasury Bills . . . . .	99.7%	Exchange Traded Funds . . . . .	(43.0)%
Other Assets and Liabilities (Net) . . . . .	50.0%	Retail . . . . .	(3.3)%
		Beverages . . . . .	(1.6)%
		Machinery . . . . .	(1.1)%
		Electronics . . . . .	(0.7)%
			<u>100.0%</u>

*The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the “SEC”) for the first and third quarters of each fiscal year on Form N-Q. Shareholders may obtain this information at [www.gabelli.com](http://www.gabelli.com) or by calling the Fund at 800-GABELLI (800-422-3554). The Fund’s Form N-Q is available on the SEC’s website at [www.sec.gov](http://www.sec.gov) and may also be reviewed and copied at the SEC’s Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.*

## Proxy Voting

The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 30, no later than August 31 of each year. A description of the Fund’s proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; or (iii) visiting the SEC’s website at [www.sec.gov](http://www.sec.gov).



## GAMCO Mathers Fund

### Statement of Assets and Liabilities June 30, 2017 (Unaudited)

<b>Assets:</b>	
Investments, at value (cost \$9,779,117) .....	\$ 9,779,907
Cash .....	58,511
Deposit at brokers .....	4,894,560
Prepaid expenses .....	14,191
<b>Total Assets</b> .....	<u>14,747,169</u>
<b>Liabilities:</b>	
Securities sold short, at value (proceeds \$4,490,215) .....	4,878,920
Payable for Fund shares redeemed .....	5,852
Payable for investment advisory fees .....	8,096
Payable for distribution fees .....	2,024
Dividends payable on securities sold short .....	3,530
Other accrued expenses .....	35,647
<b>Total Liabilities</b> .....	<u>4,934,069</u>
<b>Net Assets</b> (applicable to 1,890,618 shares outstanding) .....	<u>\$ 9,813,100</u>
<b>Net Assets Consist of:</b>	
Paid-in capital .....	\$16,989,744
Accumulated net investment loss .....	(227,742)
Accumulated net realized loss on investments and securities sold short .....	(6,560,987)
Net unrealized appreciation on investments .....	790
Net unrealized depreciation on securities sold short .....	(388,705)
<b>Net Assets</b> .....	<u>\$ 9,813,100</u>
<b>Shares of Beneficial Interest, each at \$0.001 par value; unlimited number of shares authorized:</b>	
<b>Net Asset Value</b> , offering, and redemption price per share (\$9,813,100 ÷ 1,890,618 shares outstanding) .....	<u>\$ 5.19</u>

### Statement of Operations For the Six Months Ended June 30, 2017 (Unaudited)

<b>Investment Income:</b>	
Interest .....	\$ 33,597
<b>Total Investment Income</b> .....	<u>33,597</u>
<b>Expenses:</b>	
Investment advisory fees .....	52,978
Distribution fees .....	13,245
Dividend expense on securities sold short .....	77,110
Trustees' fees .....	26,282
Legal and audit fees .....	22,069
Service fees for securities sold short (see Note 2) .....	19,139
Shareholder communications expenses .....	16,575
Registration expenses .....	14,898
Shareholder services fees .....	11,354
Custodian fees .....	1,699
Interest expense .....	14
Miscellaneous expenses .....	5,976
<b>Total Expenses</b> .....	<u>261,339</u>
<b>Net Investment Loss</b> .....	<u>(227,742)</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments and Securities Sold Short:</b>	
Net realized gain on investments .....	471
Net realized loss on securities sold short .....	(1,178,921)
Net realized loss on investments and securities sold short .....	<u>(1,178,450)</u>
Net change in unrealized appreciation/depreciation: on investments .....	790
on securities sold short .....	<u>85,795</u>
Net change in unrealized appreciation/depreciation on investments and securities sold short .....	<u>86,585</u>
<b>Net Realized and Unrealized Loss on Investments and Securities Sold Short</b> .....	<u>(1,091,865)</u>
<b>Net Decrease in Net Assets Resulting from Operations</b> .....	<u>\$(1,319,607)</u>

See accompanying notes to financial statements.

## GAMCO Mathers Fund

### Statement of Changes in Net Assets

	Six Months Ended June 30, 2017 (Unaudited)	Year Ended December 31, 2016
<b>Operations:</b>		
Net investment loss .....	\$ (227,742)	\$ (786,838)
Net realized loss on investments and securities sold short .....	(1,178,450)	(1,880,814)
Net change in unrealized appreciation/depreciation on investments and securities sold short .....	<u>86,585</u>	<u>(356,371)</u>
<b>Net Decrease in Net Assets Resulting from Operations</b> .....	<u>(1,319,607)</u>	<u>(3,024,023)</u>
<b>Shares of Beneficial Interest Transactions:</b>		
Net increase/(decrease) in net assets from shares of beneficial interest transactions ...	<u>(1,876,916)</u>	<u>1,250,541</u>
<b>Redemption Fees</b> .....	<u>100</u>	<u>582</u>
<b>Net Decrease in Net Assets</b> .....	<u>(3,196,423)</u>	<u>(1,772,900)</u>
<b>Net Assets:</b>		
Beginning of year .....	<u>13,009,523</u>	<u>14,782,423</u>
End of period (including undistributed net investment income of \$0 and \$0, respectively) .....	<u>\$ 9,813,100</u>	<u>\$13,009,523</u>

See accompanying notes to financial statements.

# GAMCO Mathers Fund

## Financial Highlights

### Selected data for a share of beneficial interest outstanding throughout each period:

	Six Months Ended	Year Ended December 31,				
	June 30, 2017 (Unaudited)	2016	2015	2014	2013	2012
<b>Operating Performance:</b>						
Net asset value, beginning of year	\$ 5.86	\$ 6.77	\$ 6.98	\$ 7.58	\$ 8.92	\$ 9.55
Net investment loss(a)	(0.12)	(0.26)	(0.33)	(0.33)	(0.31)	(0.28)
Net realized and unrealized gain/(loss) on investments and securities sold short	(0.55)	(0.65)	0.12	(0.27)	(1.03)	(0.35)
Total from investment operations	(0.67)	(0.91)	(0.21)	(0.60)	(1.34)	(0.63)
Redemption Fees(a)	0.00(b)	0.00(b)	0.00(b)	—	—	—
<b>Net Asset Value, End of Period</b>	<b>\$ 5.19</b>	<b>\$ 5.86</b>	<b>\$ 6.77</b>	<b>\$ 6.98</b>	<b>\$ 7.58</b>	<b>\$ 8.92</b>
Total return†	(11.43)%	(13.44)%	(3.01)%	(7.92)%	(15.02)%	(6.60)%
<b>Ratios to Average Net Assets and Supplemental Data:</b>						
Net assets, end of period (in 000's)	\$ 9,813	\$13,010	\$14,782	\$14,335	\$11,223	\$20,809
Ratio of net investment loss to average net assets	(4.30)% (c)	(3.99)%	(4.81)%	(4.51)%	(3.73)%	(3.04)%
Ratio of operating expenses to average net assets (d)	4.93% (c)	4.60% (e)	4.84% (f)	4.54%	3.80%	3.11%
Portfolio turnover rate	0%	0%	0%	513%	0%	3,328%

† Total return represents aggregate total return of a hypothetical \$1,000 investment at the beginning of the year and sold at the end of the period including reinvestment of distributions. Total return for a period of less than one year is not annualized.

(a) Per share data are calculated using the average shares outstanding method.

(b) Amount represents less than \$0.005 per share.

(c) Annualized.

(d) The Fund incurred dividend expense and service fees on securities sold short. If these expenses and fees had not been incurred, the ratios of operating expenses to average net assets for the six months ended June 30, 2017 and the years ended December 31, 2016, 2015, 2014, 2013, and 2012 would have been 3.12%, 2.24%, 2.61%, 2.82%, 2.79% and 2.62%, respectively.

(e) During the year ended December 31, 2016, the Fund received a one time reimbursement of custody expenses paid in prior years. Had such reimbursement been included in 2016, the expense ratio would have been 4.25% .

(f) The Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. Had such payments not been made, the expense ratio for the year ended December 31, 2015 would have been 4.85%.

See accompanying notes to financial statements.

## GAMCO Mathers Fund

### Notes to Financial Statements (Unaudited)

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**1. Organization.** GAMCO Mathers Fund was organized on June 17, 1999 as a Delaware statutory trust. The Fund commenced investment operations on October 1, 1999 as the successor to the Mathers Fund, Inc. (the “Mathers Fund”) which was organized on March 31, 1965 as a Maryland corporation. The Mathers Fund commenced investment operations on August 19, 1965. The Fund is a diversified open-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”). The Fund seeks to achieve capital appreciation over the long term in various market conditions without excessive risk of capital loss.

**2. Significant Accounting Policies.** As an investment company, the Fund follows the investment company accounting and reporting guidance, which is part of U.S. generally accepted accounting principles (“GAAP”) that may require the use of management estimates and assumptions in the preparation of its financial statements. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

**Security Valuation.** Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market’s official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board of Trustees (the “Board”) so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by GAMCO Asset Management, Inc. (the “Adviser”).

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt obligations for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price, unless the Board determines such amount does not reflect the securities’ fair value, in which case these securities will be fair valued as determined by the Board. Certain securities are valued principally using dealer quotations.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value American Depositary Receipt securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

# GAMCO Mathers Fund

## Notes to Financial Statements (Unaudited) (Continued)

The inputs and valuation techniques used to measure fair value of the Fund's investments are summarized into three levels as described in the hierarchy below:

- Level 1 — quoted prices in active markets for identical securities;
- Level 2 — other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and
- Level 3 — significant unobservable inputs (including the Board's determinations as to the fair value of investments).

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities by inputs used to value the Fund's investments as of June 30, 2017 is as follows:

	Valuation Inputs		Total Market Value at 6/30/17
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	
<b>INVESTMENTS IN SECURITIES:</b>			
<b>ASSETS (Market Value):</b>			
Short Term Obligations:			
U.S. Treasury Bills	—	\$9,779,907	\$ 9,779,907
<b>TOTAL INVESTMENTS IN SECURITIES – ASSETS</b>	—	\$9,779,907	\$ 9,779,907
<b>LIABILITIES (Market Value):</b>			
Securities Sold Short (a)	\$(4,878,920)	—	\$(4,878,920)
<b>TOTAL INVESTMENTS IN SECURITIES – LIABILITIES</b>	\$(4,878,920)	—	\$(4,878,920)

(a) Please refer to the Schedule of Investments for the industry classifications of these portfolio holdings.

The Fund did not have transfers between Level 1 and Level 2 during the six months ended June 30, 2017. The Fund's policy is to recognize transfers among Levels as of the beginning of the reporting period.

There were no Level 3 investments held at June 30, 2017 or December 31, 2016.

### Additional Information to Evaluate Qualitative Information.

**General.** The Fund uses recognized industry pricing services – approved by the Board and unaffiliated with the Adviser – to value most of its securities, and uses broker quotes provided by market makers of securities not valued by these and other recognized pricing sources. Several different pricing feeds are received to value domestic equity securities, international equity securities, preferred equity securities, and fixed income securities. The data within these feeds are ultimately sourced from major stock exchanges and trading systems where these securities trade. The prices supplied by external sources are checked by obtaining quotations or actual transaction prices from market participants. If a price obtained from the pricing source is deemed unreliable, prices will be sought from another pricing service or from a broker/dealer that trades that security or similar securities.

**Fair Valuation.** Fair valued securities may be common or preferred equities, warrants, options, rights, or fixed income obligations. Where appropriate, Level 3 securities are those for which market quotations are not available, such as securities not traded for several days, or for which current bids are not available, or which

## GAMCO Mathers Fund

### Notes to Financial Statements (Unaudited) (Continued)

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are restricted as to transfer. When fair valuing a security, factors to consider include recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

The Adviser reports quarterly to the Board the results of the application of fair valuation policies and procedures. These may include back testing the prices realized in subsequent trades of these fair valued securities to fair values previously recognized.

**Repurchase Agreements.** The Fund may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System, or with other brokers or dealers that meet credit guidelines established by the Adviser and reviewed by the Board. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. It is the policy of the Fund to receive and maintain securities as collateral whose market value is not less than their repurchase price. The Fund will make payment for such securities only upon physical delivery or upon evidence of book entry transfer of the collateral to the account of the custodian. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited. At June 30, 2017, the Fund did not hold any repurchase agreements.

**Securities Sold Short.** The Fund enters into short sale transactions. Short selling involves selling securities that may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace such borrowed securities at a later date. The proceeds received from short sales are recorded as liabilities and the Fund records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of an open short position on the day of determination. The Fund records a realized gain or loss when the short position is closed out. By entering into a short sale, the Fund bears the market risk of an unfavorable change in the price of the security sold short. Dividends on short sales are recorded as an expense by the Fund on the ex-dividend date and interest expense is recorded on the accrual basis. The broker retains collateral for the value of the open positions, which is adjusted periodically as the value of the position fluctuates. Securities sold short and details of collateral at June 30, 2017 are reflected within the Schedule of Investments. For the six months ended June 30, 2017, the Fund incurred \$19,139 in service fees related to its investment positions sold short and held by the broker. These amounts are included in the Statement of Operations under Expenses, Service fees for securities sold short.

**Securities Transactions and Investment Income.** Securities transactions are accounted for on the trade date with realized gain/(loss) on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on the accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on

## GAMCO Mathers Fund

### Notes to Financial Statements (Unaudited) (Continued)

the ex-dividend date, except for certain dividends from foreign securities that are recorded as soon after the ex-dividend date as the Fund becomes aware of such dividends.

**Expenses.** Certain administrative expenses are common to, and allocated among, various affiliated funds. Such allocations are made on the basis of each fund's average net assets or other criteria directly affecting the expenses as determined by the Adviser pursuant to procedures established by the Board.

**Distributions to Shareholders.** Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under GAAP. These differences are primarily due to differing treatments of income and gains on various investment securities held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. These book/ tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the net asset value ("NAV") per share of the Fund.

No distributions were made during the year ended December 31, 2016.

**Provision for Income Taxes.** The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). It is the policy of the Fund to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for federal income taxes is required.

At December 31, 2016, the Fund had net capital loss carryforwards for federal income tax purposes which are available to reduce future required distributions of net capital gains to shareholders. Under the Regulated Investment Company Modernization Act of 2010, the Fund is permitted to carry forward for an unlimited period capital losses incurred in years beginning after December 22, 2010. In addition, these losses must be utilized prior to the losses incurred in pre-enactment taxable years. As a result of the rule, pre-enactment capital loss carryforwards may have an increased likelihood of expiring unused. Additionally, post enactment capital losses that are carried forward will retain their character as either short term or long term capital losses rather than being considered all short term as under previous law.

Capital loss carryforward available through 2018 .....	\$ 151,917
Short term capital loss carryforward with no expiration .....	<u>4,524,465</u>
Total capital loss carryforwards .....	<u>\$4,676,382</u>

The following summarizes the tax cost of investments, proceeds from short sales, and the related net unrealized depreciation at June 30, 2017:

	<u>Cost/ (Proceeds)</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation /Depreciation</u>
Investments .....	\$ 9,779,117	\$ 790	—	\$ 790
Securities sold short ...	(4,490,215)	<u>12,259</u>	<u>\$(400,964)</u>	<u>(388,705)</u>
		<u>\$13,049</u>	<u>\$(400,964)</u>	<u>\$(387,915)</u>

## **GAMCO Mathers Fund**

### **Notes to Financial Statements (Unaudited) (Continued)**

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The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. For the six months ended June 30, 2017, the Fund did not incur any income tax, interest, or penalties. As of June 30, 2017, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund's net assets or results of operations. The Fund's federal and state tax returns for the prior three fiscal years remain open, subject to examination. On an ongoing basis, the Adviser will monitor the Fund's tax positions to determine if adjustments to this conclusion are necessary.

**3. Investment Advisory Agreement and Other Transactions.** The Fund has entered into an investment advisory agreement (the "Advisory Agreement") with the Adviser which provides that the Fund will pay the Adviser a fee, computed daily and paid monthly, at the annual rate of 1.00% of the value of its average daily net assets. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund's portfolio, oversees the administration of all aspects of the Fund's business and affairs, and pays the compensation of all Officers and Trustees of the Fund who are affiliated persons of the Adviser.

The Fund pays each Trustee who is not considered an affiliated person an annual retainer of \$3,000 plus \$1,000 for each Board meeting attended, and they are reimbursed for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$500 per meeting attended and the Chairman of the Audit Committee and the Lead Trustee each receive an annual fee of \$1,000. A Trustee may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Trustees who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

**4. Distribution Plan.** The Fund's Board has adopted a distribution plan (the "Plan") pursuant to Rule 12b-1 under the 1940 Act. Under the Plan, payments are authorized to G.distributors, LLC (the "Distributor"), an affiliate of the Adviser, at an annual rate of 0.25% of its average daily net assets, the annual limitation under the Plan. Such payments are accrued daily and paid monthly.

**5. Portfolio Securities.** There were no purchases or sales of securities during the six months ended June 30, 2017 other than short term securities and U.S. Government obligations.

**6. Line of Credit.** The Fund participates in an unsecured line of credit, which expires on March 8, 2018 and may be renewed annually, of up to \$75,000,000 under which it may borrow up to 10% of its net assets from the custodian for temporary borrowing purposes. Borrowings under this arrangement bear interest at a floating rate equal to the higher of the overnight Federal Funds rate plus 125 basis points or the 30 day LIBOR plus 125 basis points in effect on that day. This amount, if any, would be included in "Interest expense" in the Statement of Operations. During the six months ended June 30, 2017, there were no borrowings under the line of credit.

**GAMCO Mathers Fund**  
**Notes to Financial Statements (Unaudited) (Continued)**

**7. Shares of Beneficial Interest.** Transactions in shares of beneficial interest were as follows:

	<b>Six Months Ended June 30, 2017 (Unaudited)</b>		<b>Year Ended December 31, 2016</b>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Shares sold.....	208,295	\$ 1,134,978	3,113,623	\$ 21,611,442
Shares redeemed .....	<u>(538,149)</u>	<u>(3,011,894)</u>	<u>(3,075,578)</u>	<u>(20,360,901)</u>
Net increase/(decrease).....	<u>(329,854)</u>	<u>\$(1,876,916)</u>	<u>38,045</u>	<u>\$ 1,250,541</u>

The Fund imposes a redemption fee of 2.00% on shares that are redeemed or exchanged on or before the seventh day after the date of a purchase. The redemption fee is deducted from the proceeds otherwise payable to the redeeming shareholders and is retained by the Fund as an increase in paid-in capital. The redemption fees retained by the Fund during the six months ended June 30, 2017 and the year ended December 31, 2016, if any, can be found in the Statement of Changes in Net Assets under Redemption Fees.

**8. Indemnifications.** The Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts. Management has reviewed the Fund's existing contracts and expects the risk of loss to be remote.

**9. Subsequent Events.** Management has evaluated the impact on the Fund of all subsequent events occurring through the date the financial statements were issued and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

## **Gabelli/GAMCO Funds and Your Personal Privacy**

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### **Who are we?**

The Gabelli/GAMCO Funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds, LLC and GAMCO Asset Management Inc., which are affiliated with GAMCO Investors, Inc. that is a publicly held company with subsidiaries and affiliates that provide investment advisory services for a variety of clients.

### **What kind of non-public information do we collect about you if you become a fund shareholder?**

If you apply to open an account directly with us, you will be giving us some non-public information about yourself. The non-public information we collect about you is:

- *Information you give us on your application form.* This could include your name, address, telephone number, social security number, bank account number, and other information.
- *Information about your transactions with us, any transactions with our affiliates, and transactions with the entities we hire to provide services to you.* This would include information about the shares that you buy or redeem. If we hire someone else to provide services — like a transfer agent — we will also have information about the transactions that you conduct through them.

### **What information do we disclose and to whom do we disclose it?**

We do not disclose any non-public personal information about our customers or former customers to anyone other than our affiliates, our service providers who need to know such information, and as otherwise permitted by law. If you want to find out what the law permits, you can read the privacy rules adopted by the Securities and Exchange Commission. They are in volume 17 of the Code of Federal Regulations, Part 248. The Commission often posts information about its regulations on its website, [www.sec.gov](http://www.sec.gov).

### **What do we do to protect your personal information?**

We restrict access to non-public personal information about you to the people who need to know that information in order to provide services to you or the fund and to ensure that we are complying with the laws governing the securities business. We maintain physical, electronic, and procedural safeguards to keep your personal information confidential.

**GAMCO MATHERS FUND**  
**One Corporate Center**  
**Rye, NY 10580-1422**

**Portfolio Manager Biography**

**Henry G. Van der Eb, CFA**, joined Gabelli Funds, LLC in 1999 as President and Portfolio Manager of the GAMCO Mathers Fund which he has managed for over twenty years. He is also a Senior Vice President of GAMCO Investors, Inc. Prior to joining Gabelli, he was the owner and President of Mathers & Company, a Chicago based investment advisory firm, and Chairman of the Mathers Fund. He served as President of the Investment Analysts Society of Chicago from 1979 - 1980. Mr. Van der Eb received an M.B.A. with honors from Northwestern University Graduate School of Management and a B.A. from Vanderbilt University.

We have separated the portfolio manager's commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager's commentary is unrestricted. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at [www.gabelli.com](http://www.gabelli.com).

## GAMCO MATHERS FUND

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### LEGAL COUNSEL

Paul Hastings LLP



# GAMCO MATHERS FUND

*Semiannual Report*  
*June 30, 2017*

This report is submitted for the general information of the shareholders of the GAMCO Mathers Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.

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